

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 /126 W  
-----036860 071107Z /13

P R 070904Z APR 78  
FM AMEMBASSY COPENHAGEN  
TO SECSTATE WASHDC PRIORITY 6293  
INFO EC COLLECTIVE  
USMISSION GENEVA

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USEEC; USMTN

EO 11652: NA  
TAGS: ETRD MTN OVIP (AMBASSADOR STRAUSS)  
SUBJ: AMBASSADOR STRAUSS AND FOREIGN MINISTER ANDERSEN DISCUSS MTN  
REF: COPENHAGEN 2246

1. FOLLOWING A HALF-HOUR VISIT WITH PRIME MINISTER JORGENSEN ON APRIL 6, AMBASSADOR STRAUSS MET WITH FOREIGN MINISTER K.B.ANDERSEN TO DISCUSS THE CURRENT STATUS OF THE MTN. AMBASSADOR STRAUSS WAS ACCOMPANIED BY ASSISTANT SECRETARY KATZ AND AMBASSADORS DEAN, MCDONALD AND WOLFF. WITH THE FOREIGN MINISTER WERE PERMANENT UNDER SECRETARY ERSBOLL AND OTHER MINISTRY OFFICIALS.
  2. IN HIS WELCOMING REMARKS THE FOREIGN MINISTER INDICATED THAT NOW WAS THE TIME TO SPEAK FRANKLY AND TO FOCUS ON PROBLEM AREAS. HE SUGGESTED THAT THE DISCUSSIONS CENTER ON THE FOLLOWING TOPICS: TARIFFS, SAFEGUARDS, SUBSIDIES/COUNTERVAILING DUTIES, AGRICULTURE, AND DEVELOPING COUNTRIES.
  3. IN HIS RESPONSE AMBASSADOR STRAUSS URGED THAT MTN PARTICIPANTS ACCENTUATE THE POSITIVE, THE TIME HAVING ARRIVED FOR COMPLETE
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- CANDOR AND INTENSIVE NEGOTIATION. DURING THE NEXT 60 DAYS, HE SAID, US MTN OFFICIALS IN WASHINGTON AND GENEVA ARE PREPARED TO GIVE MTN THE ATTENTION ONE WOULD GIVE A CRISIS SITUATION. HE HOPED THAT THE EC AND OTHERS WOULD DO LIKEWISE.
4. WITH RESPECT TO TARIFFS, THE US SIDE EMPHASIZED THAT THE EC DID NOT FULLY APPRECIATE THE VALUE OF THE US OFFER WITH ITS MANY GREATER-THAN-FORMULA CUTS AND ZERO TARIFFS THAT HAVE A BEARING ON

"91 PERCENT OF THE ITEMS THAT ENTER INTO EC TRADE". (IN HIS INITIAL REMARKS THE FOREIGN MINISTER HAD STATED THAT THE EC COMMISSION'S EVALUATION OF THE US AND JAPANESE INDUSTRIAL TARIFF OFFERS HAD SHOWED THE EC OFFER TO BE CLOSER TO THE SWISS FORMULA.) NTING THAT BOTH THE EC AND THE US HAVE "RESPECTABLE INITIAL BARGAINING PACKAGES", THE US REPRESENTATIVES STRESSED THAT A MUCH MORE SERIOUS PROBLEM THAN THE GAP BETWEEN THESE PROPOSALS WAS THE WIDE DIFFERENCE BOTH HAD VIS-A-VIS THE JAPANESE OFFER. THE US AND THE EC THUS HAVE A COMMON INTEREST IN GETTING JAPAN TO IMPROVE ITS PROPOSALS IN LINE WITH THE RECENTLY CONCLUDED STRAUSS-USHIBA AGREEMENT.

5. THE DANES, AGREEING GENERALLY WITH THE US ASSESSMENT OF THE TARIFF SITUATION, URGED THE US TO CONTINUE TO EDUCATE THE EC ABOUT THE VALUE OF THE US OFFER AND AGREED TO THE IMPORTANCE OF GETTING A BETTER JAPANESE PROPOSAL. THE DANES ALSO OPINED THAT IT WAS NOW TIME TO "GET INTO THE MEAT" OF MTN ISSUES OTHER THAN TARIFFS.

6. WITH RESPECT TO SAFEGUARDS, THERE WAS GENERAL AGREEMENT THAT WHILE SOME SELECTIVITY WAS POSSIBLE, IT WAS MOST IMPORTANT TO HAVE ADEQUATE PROCEDURES AND DISCIPLINE. THE US SIDE OBSERVED THAT THERE HAVE BEEN SOME INDICATIONS OF GIVE ON THE PART OF BOTH THE EC AND THE US ON THIS ISSUE, BUT SOME "GENUINELY HARD THINKING" IS STILL REQUIRED IF THE GAP BETWEEN THEIR VIEWS IS TO BE CLOSED.

7. TURNING TO SUBSIDIES AND COUNTERVAILING DUTIES, AMBASSADOR STRAUSS STATED THAT THIS WAS ONE OF THE ISSUES ON WHICH REASONABLE PROGRESS MUST BE MADE IF CONGRESSIONAL APPROVAL OF AN AGREEMENT IS TO BE SECURED. THE US WAS MODERATELY ENCOURAGED THAT SOME OF THE EMOTION SURROUNDING THIS SUBJECT HAD DISSIPATED AS EVIDENCED BY LIMITED OFFICIAL USE

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THE FACT THAT THE FIRST MULTILATERAL DRAFTING SESSION ON A COUNTERVAILING CODE WAS TAKING PLACE ON APRIL 6-7. IN RESPONSE TO A STATEMENT BY FOREIGN MINISTER ANDERSEN THAT IT WOULD BE UNTHINKABLE SHOULD THE EC VALUE ADDED TAX BE CONSIDERED A SUBSIDY, HE WAS ASSURED THAT THE US HAD NOT INTRODUCED SUCH A VIEW INTO THE MTN. FOREIGN MINISTER ANDERSEN USED THE OCCASION TO CALL AGAIN FOR THE UNIVERSAL APPLICATION OF AN INJURY TEST IN COUNTERVAILING DUTY CASES.

8. THE ISSUE OF AGRICULTURE WAS LARGELY SKIRTED, OWING IN PART TO THE FACT THAT AMBASSADOR STRAUSS AND OTHERS WERE TO MEET WITH EC COMMISSIONER GUNDELACH THE NEXT DAY. REGARDING THE WHEAT AGREEMENT, AMBASSADOR STRAUSS OBSERVED THAT FAILURE TO REACH ACCORD THUS FAR WAS SOMEWHAT DISCOURAGING BUT NOT CATASTROPHIC OR EVEN UNEXPECTED AND THAT THE PIECES COULD BE PICKED UP LATER.

9. US PARTICIPANTS IN THE MEETING EMPHASIZED THE IMPORTANCE THE US ATTACHES TO ACTIVE AND MEANINGFUL LDC PARTICIPATION IN THE MTN AND OUR EXPECTATION THAT 20 TO 25 OF THEM WILL AT LEAST JOIN IN VARIOUS CODES, WITH PROBABLY SOMEWHAT FEWER MAKING PRODUCT OFFERS. FOREIGN MINISTER ANDERSEN STATED HIS BELIEF THAT THE MORE OPEN THE DEVELOPED COUNTRIES ARE WITH THE LDC'S, THE MORE CONCRETE AND REALISTIC THE LATTER ARE IN RETURN.

10. IN HIS CLOSING REMARKS FOREIGN MINISTER ANDERSEN THANKED

AMBASSADOR STRAUSS FOR HIS VISIT AND UNDERScored THE USEFULNESS  
OF CONTINUING CLOSE CONTACTS BETWEEN THE EC AND THE US. IN  
RESPONSE, AMBASSADOR STRAUSS PRAISED THE DANES FOR THEIR  
CONSTRUCTIVE LEADERSHIP ON MTN TO DATE AND VOICED HIS EXPECTATION  
THAT THE ESSENTIAL MTN NEGOTIATIONS WOULD BE BROUGHT TO A  
SUCCESSFUL CONCLUSION DURING THE CURRENT DANISH EC PRESIDENCY.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Decaption Date:** 01 jan 1960  
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